

House Engrossed

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 76

HOUSE BILL 2078

AN ACT

AMENDING SECTION 38-718, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA
STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-718, Arizona Revised Statutes, is amended to
3 read:

4 38-718. Investment management; qualifications; term; removal;
5 general powers and duties

6 A. The board shall appoint investment management. Investment
7 management shall have:

8 1. The highest professional and fiduciary recommendations.

9 2. Not less than ~~five~~ THREE years' experience at handling
10 INSTITUTIONAL investments of AT LEAST TWO HUNDRED FIFTY MILLION DOLLARS AND
11 not less than ~~ten per cent of the total assets of ASRS per year~~ TWO HUNDRED
12 FIFTY MILLION DOLLARS CURRENTLY UNDER MANAGEMENT.

13 3. Had responsibility for investment decision making as an insurance
14 company investment fund, an investment division of a bank, a mutual fund, an
15 investment organization, a pension fund or an investment adviser who is
16 designated as a chartered financial analyst by the association for investment
17 management and research.

18 B. A bank serving as investment management does not have a conflict
19 of interest because it is also a depository in which ASRS monies are
20 deposited.

21 C. The board shall appoint the investment management for a term of one
22 year and may appoint the investment management to succeeding terms. The
23 board may remove investment management for not complying with this article
24 or for failure to comply with or adhere to the board's investment goals,
25 objectives or policies.

26 D. Investment management:

27 1. Has the sole authority to invest and reinvest in the name of ASRS
28 all ASRS monies assigned to investment management and shall purchase and sell
29 in the name of ASRS any of the securities and investments held by ASRS under
30 this article.

31 2. Is responsible for making and executing all investment decisions.

32 3. Shall be multiple.

33 E. Investment management shall not directly or indirectly:

34 1. Have an interest in making an investment or purchasing annuities
35 from a private insurer or in the gains or profits accruing from an investment
36 or annuities.

37 2. As investment management or as agent or partner of others borrow
38 monies, funds or deposits of ASRS or use monies, funds or deposits in any
39 manner except as directed under this article.

40 3. Be an endorser, surety or obligor on investments made under this
41 article.

42 F. Subject to the limitations in section 38-719, the board may
43 authorize the director to make investments that are designated by the board
44 and that do not exceed fifty per cent of the assets of the investment account
45 measured at cost.

1 G. For the purpose of exercising the investment responsibilities
2 prescribed in this section, the board may enter into contracts to receive
3 market data and other market information from securities, commodities,
4 options and monetary exchanges. These contracts may be interpreted and
5 enforced under the laws of a jurisdiction other than this state and are not
6 subject to section 35-214 or 38-511 or title 41, chapter 23.

APPROVED BY THE GOVERNOR APRIL 13, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 13, 2004.